employer take advantage of your savings potential. Ask potential employers questions, such as:

- Is there a 401(k) or other defined contribution plan? Are your contributions matched?
- How soon can you join the plan?
- Is there a "traditional" defined benefit pension plan?
- What are the plan's vesting rules? What happens to your money if you leave?

Although your employer may have programs to ***help*** you save, the main responsibility is ***yours***. Spend just a few minutes each day on basic smart savings principles, and you'll be on your way toward a lifetime of financial security.

Choose to Save Checklist

1. Avoid credit card debt.
2. Track your expenses and spend within a monthly budget.
3. Keep three to six months of emergency living expenses in a short-term account.
4. Contribute the maximum allowable to your 401(k) or similar plan. Take advantage of any "free money" company matches.
5. Save beyond employer-sponsored plans—for example, by opening an IRA.
6. Consider additional long-term savings options, such as buying a home.

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For information on Choose to Save®, we invite you to e-mail us at ctsinfo@choosetosave.org.
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Choose to Save®
Suite 600
2121 K Street NW
Washington, DC 20037
www.choosetosave.org

Just Starting Out

Choose to save today!

When you're young and looking ahead toward a bright future, it's hard to think about saving for a rainy day. *But as you build your career, it's important to save for all the exciting life events that await you down the road.*

save for those rainy days

Your parents probably told you money doesn't grow on trees. That's true, but you can plant the seeds for financial security if you begin to save early and you continue each year. It's not always about how ***much*** you save—it's simply the fact that you ***do*** save and allow your money to grow over time.

Saving is a choice—one of the most important ones you'll ever make to protect your future. If you choose to save today, you'll pave the way for home ownership, your children's education, a secure family life, a comfortable retirement, and many other opportunities as you strive for good health, happiness and success.

Capitalize on tax-advantaged savings.

Many people have the opportunity to save through employer-sponsored retirement plans. Some companies still have traditional employer-sponsored defined benefit pension plans. Many more employers now favor the popular 401(k), a plan that allows you to choose your own investments from a mix of investment options and, for some workers, contribute up to $11,000[1] each year in pre-tax dollars. And if your employer matches your contributions, your savings can accumulate even faster.

The 401(k) is widely offered by private corporations. Similar retirement plans are offered by nonprofit employers (403(b) plans) and government employers (457 plans). All these plans offer employees incentives for tax-deferred savings.

The money you contribute to a 401(k) or a similar plan often comes from your pre-tax "gross" income. But employer-sponsored plans are not your ***only*** tax-friendly savings options. The traditional individual retirement account (IRA) offers tax-deductible contributions for qualifying savers, and the Roth IRA allows your money to grow tax-free under certain circumstances. Because you should often save as much as you can afford, you're even more ahead of the game if you invest in an IRA after you've contributed the maximum to a 401(k) or similar plan.

plant the seeds for financial security

Learn the many ways you can save.

You have many options to make the money you work hard for in turn work hard for you.

Retirement savings are typically invested in financial instruments like these:

- **Stocks (equities).** Stocks give you ownership or "shares" of a company. Stock prices move up and down based on how well the company and its industry are doing.
- **Bonds.** When you buy a bond, you loan your money to a corporation or the government. In return, you are paid interest on your loan and the face value of the bond at maturity.
- **Mutual funds.** These professionally managed funds invest in a variety of stocks and/or bonds, in part to spread the risk of loss from any one company.

In addition to a company plan or an IRA, you can invest directly in individual stocks or bonds. Since it's difficult for even the most skilled investors to research and sift through thousands of choices, many people opt for mutual funds instead.

Cash accounts such as bank savings accounts, certificates of deposit (CDs) and money market funds typically pay low interest rates and are useful for short-term savings.

Before you make any major investment decisions, it's a good idea to contact a professional financial advisor to discuss the returns you want to achieve and the risk that you're willing to take to reach your goals.

Be a smart saver!

When you choose to save at a young age, it becomes part of your routine. As you launch your career, make sure both you and your

[1] *In 2002 the maximum employee pre-tax contribution for most employees by law was $11,000. This increases to $12,000 in 2003, $13,000 in 2004, $14,000 in 2005 and $15,000 in 2006. Individual retirement plans may set a lower limit.*